



Georgia Department of Banking & Finance

NON-DEPOSITORY FINANCIAL INSTITUTIONS

Monthly Summary of Mortgage Activities For the Period Ending January 2007

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2007 Housekeeping Bill

The Department's Housekeeping Bill for this legislative session is Senate Bill 70. In addition to some basic housekeeping changes, some of the significant items related to the Georgia Residential Mortgage Act, Article 13 of Chapter 1 of Title 7 of the Official Code of Georgia, Code Sections 7-1-1000 to 7-1-1021, are noted below for your reference. A complete marked-up version of the housekeeping bill can be found on the internet at:

http://www.legis.ga.gov/legis/2007_08/fulltext/sb70.htm

Proposed Amendments Article 13 Licensing of Mortgage Lenders and Mortgage Brokers

§7-1-1001

The proposed change removes the availability of a licensing exemption for a person, other than a natural person, to make five or fewer loans per year.

§§§

§7-1-1004

This amendment requires licensees and applicants to commence performing background checks within ten days of the initial hire of an

employee. In addition the timeframe in which the Department may not issue a license or may revoke a license from an applicant or licensee that employs any person against whom a final cease and desist order has been issued has been extended from three to five years.

§§§

§7-1-1006

This amendment eliminates branch application approval by operation of law if an application is not acted upon by the Department within 30 days.

§§§

§7-1-1008

This amendment requires that a person who directly or indirectly acquires 10% or more of the ownership of a licensed entity must follow certain approval steps. The prior provision set the ownership threshold at 25%.

§§§

§7-1-1009

This amendment clarifies that a licensee should maintain separate personal and business records.

§§§

§7-1-1016

This amendment provides language prohibiting the use of loan information pertaining to a designated individual in advertisements without required disclosures being made.

§§§

§7-1-1017

Language has been added to allow the Department to suspend or revoke a mortgage broker

education approval on any ground on which it might refuse to issue an approval. The amendment includes a provision that any notice or final order sent by certified mail that is returned to the Department as "refused" or "unclaimed" will be deemed to have been received by the addressee.

§§§

§7-1-1018

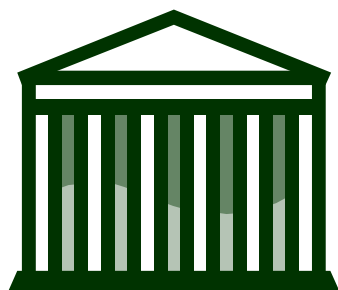
This amendment includes a provision that any notice or final order sent by certified mail which is returned to the Department as "refused" or "unclaimed" is deemed to have been received by the addressee.

Advertising & Marketing

The Department continues to receive complaints regarding solicitations from licensees to consumers that use a consumer's existing loan information to entice the consumer to refinance with it, "the un-named company" that has sent the solicitation, and get out of their existing loan with the licensee named in the solicitation, the current mortgagee. These solicitations generally result in fine assessments against licensees for various violations of GRMA.

Much of the problem seems to stem with the marketing company itself, which touts this "covert" advertising style as a good way to get a concerned consumer to call,

(Continued on page 2)



2990 Brandywine Rd.
Suite 200
Atlanta, GA 30341
Phone: 770.986.1269

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Advertising (Continued from page 1)

after thinking there is a problem with his or her existing mortgage.

However, the remainder of the problem stems from licensees themselves, who apparently forget the provisions of 7-1-1016 which, in addition to prohibiting false and misleading advertising, also prohibits advertising that does not include, among other items, a valid address of the licensee, the license number, and the indication that the company is a Georgia Residential Mortgage Licensee.

Should the proposed provisions of the 2007 Housekeeping Bill be approved, the detailed requirements regarding advertisements will require more due diligence on the part of the offending licensees to disclose their part in these solicitations, perhaps alleviating the consumer concerns that come from them.

EXAMINATION ISSUES

Does Your Fraud Prevention Program Measure Up?

In recent months, the State of Georgia has relinquished its #1 position for the #3 position on the list of states in which mortgage fraud is the most prevalent. While the Department is happy to give up the #1 position, mortgage fraud detection and prevention continues to be our priority. For the Department, what constitutes mortgage fraud can be found under O.C.G.A. 7-1-1013 (1)(2) and (6). These sections state, in part, that it is prohibited to misrepresent the material facts; conceal or cause another party to conceal material facts; or to engage in any transaction, practice or course of business which is not in good faith, or which operates a fraud upon any person. Such misrepresentations are those used in the loan process which may influence a mortgage lender to approve an application which would have otherwise been declined. The

examiners often find misrepresentations of occupancy, misrepresentations of employment or income, or failure to disclose previous loans. The Department's recourse is imposition of fines and possible administrative action, and might also include referrals to local or state law enforcement authorities.

As a mortgage licensee in the State of Georgia, it is your responsibility to develop and implement a mortgage fraud detection program that reduces the incidence of mortgage fraud. Fraud prevention begins with the implementation of a sound quality control program that is able to detect fraud at several different stages of the loan process. This process should include, but is not limited to: frequent auditing of in-process loan files; conducting review appraisals; using only approved closing attorneys; verifying income and asset information; and preventing any one employee from controlling the mortgage transaction from beginning to end, thereby establishing the separation of duties between loan officers, processors and other staff.

The Department's Mortgage Examiners will want to review your fraud prevention policies and procedures during an examination. Should you have any questions about your internal quality control procedures or if you would like to report any fraudulent activities, please contact the Department at 770-986-1136 and ask to speak to a mortgage examiner.

LICENSING ISSUES

Continuing Education Programs

Please see the December, 2006 Mortgage Monthly Summary for all of the specific requirements regarding the Continuing Education requirements for license renewals. That publication can be found on the web at <http://www.ganet.org/dbf/bulletins.html>.

The purpose of this article is to answer some of the questions regarding continuing education that many licensees been asking, particularly regarding the approved providers and the acceptable methods by which the credit hours can be delivered and earned.

The regulation concerning continuing education addresses these issues.

80-11-4-.01 Initial Experience and Education Requirements: Continuing Education.

Paragraph (7)(c) states: *Seminars, courses or classes sponsored and approved by mortgage-related state and federal regulatory agencies, the National Association of Mortgage Brokers (NAMB), state and federal regulated lenders and their affiliates or professional associations, all of which must be recognized by the Department as proper providers of education requirements ("approved providers"). Requirements may be satisfied at monthly association meetings, conventions, seminars or through electronic means provided the subject meets the requirements of this Rule. For purposes of continuing education, instructors and speakers at seminars, conventions or classes sponsored by approved providers will not be required to seek Department approval as approved providers of mortgage education classes. Education providers shall assign a certificate number to each attendee of a seminar, course or class. In state providers must keep lists of attendees for at least two (2) years.*

Note the providers listed above which you can use, and the delivery method, which includes classroom, internet, and computer based delivery. The following should be noted by both providers and attendees regarding the Department's policy on electronic

(Continued on page 3)

UPCOMING SPEAKING ENGAGEMENTS

- ◆ NDFI Deputy Commissioner Rod Carnes, Supervisory Examiner Diane Hester, and Mortgage Examiner Betty Thomas will be giving a presentation to the Georgia Association of Mortgage Brokers at noon on February 15, 2007 at the Cobb Galleria.



Useful Links

MORTGAGE FORMS: CODE,
REGULATIONS &
APPLICATIONS

[HTTP://WWW.STATE.GA.US/
MORTGAGE_FORMS.HTML](http://www.state.ga.us/mortgage_forms.html)

UPDATING LICENSE
INFORMATION

[HTTP://WWW.STATE.GA.US/
DBF/MORTGAGE_FORMS.HTM
L#ONLINE](http://www.state.ga.us/dbf/mortgage_forms.html#ONLINE)

PRESS RELEASES

[HTTP://WWW.GANET.ORG/D
BF/BULLETINS.HTML](http://www.ganet.org/dbf/bulletins.html)

Continuing Education—(Continued from page 2)

training delivery:

Approved in-state education providers must maintain specific records for at least two years. Licensees must maintain these records for five years, in a form that the Department authorizes. For all computer-based courses, in addition to the materials required by the Regulation, a school should also maintain the following information for each computer-based course:

1. The student's name, the course title, the number of hours taken to complete the course, the particular software version of the course, and the course serial number (if available);

2. A system to verify the completion of each module of instruction within the computer-based course and the date of completion of the course;

3. The scores for each student for all final examinations for those courses requiring such examinations; and

4. Verification of the above data by the school director/coordinator provided to the licensee for the licensee's recordkeeping purposes.

FY 2008 Renewals

The FY2008 on-line license renewal application system will be available beginning mid-February, 2007. ALL licensees MUST complete their application ON-LINE.

Licensees should use their USER ID and PASSWORD which will be mailed with the renewal notice in February. Please note the following:

- ♦ **PAYMENT:** May be made by ACH or credit card ONLY.

- ♦ **PASSWORDS:** Are provided in your renewal notice. Contact the Department if you misplace this information.

- ♦ **INCOMPLETE or "INFORMATION REQUIRED" APPLICATIONS:** Should any additional information be required for any renewal, the licensee will be contacted by e-mail or fax ONLY. Renewals requiring additional information cannot be approved until such information is received and approved. All fines and fees must be paid.

- ♦ **LATE FILINGS:** If you have attempted access but been unable to utilize the on-line system, please contact the Department for instructions to complete your application. HARD COPY FORMS ARE NOT AVAILABLE ON THE INTERNET. Failure to request assistance in a timely manner will NOT prevent the assessment of the late fee if the deadline has passed.

BROKERS ONLY - CONTINUING EDUCATION REQUIREMENT - The continuing education reporting requirement is effective with this renewal.

HMDA Reporting

Banks, savings and loan associations, credit unions, and mortgage and consumer finance companies are required to report HMDA data if they meet the law's criteria for coverage.

Generally, whether a lender is covered by HMDA depends on:

- The lender's asset size (for example, an institution with assets of \$34 million or less on December 31, 2004, did not have to collect HMDA data in 2005);
- Whether the lender has an office in a metropolitan statistical area; and
- The extent of the lender's housing-related lending activity.

In 2005, 8,853 lenders reported 2004 HMDA data.

"A Guide to HMDA Reporting: Getting It Right!" which provides guidance on collection and reporting of HMDA data is available at:

<http://www.ffiec.gov/hmda/guide.htm>

Reports of calendar year 2006 HMDA data are due **March 1, 2007**. Any questions or requests for information should be directed to:

Assistance Line: (202) 452-2016

Internet E-Mail Address: hmdahelp@frb.gov



CEASE AND DESIST ORDERS—ISSUED

- ♦ **Classic Home Lending, Inc, Houston, TX (license no. 20780)** – Cease and Desist Order issued December 19, 2006 became final on January 18, 2007.
- ♦ **Crutchfield, Deitra, Riverdale, GA** – Cease and Desist Order issued December 21, 2006 became final on January 11, 2007.
- ♦ **Harrison, E. A. Tony dba Harrison & Associates** – Cease and Desist Order issued December 1, 2006 became final on January 1, 2007.
- ♦ **Losch, Debra, Tierra Verde, FL** – Cease and Desist Order issued December 21, 2006 became final on January 11, 2007.
- ♦ **Losch, Scott, Tierra Verde, FL** – Cease and Desist Order issued December 21, 2006 became final on January 11, 2007.
- ♦ **MBM Capital, Kennesaw, GA (license no. 12480)** – Cease and Desist Order issued December 7, 2006 became final on January 8, 2007.
- ♦ **Murray, Mary E., Richmond Hill, GA** – Cease and Desist Order issued December 21, 2006 became final January 21, 2007.
- ♦ **Roberson, Victor, Smyrna, GA** — Cease and Desist Order issued January 3, 2007, became final January 24, 2007.
- ♦ **Sebring Capital Partners, Limited Partnership, Carrollton, TX (license no. 12838)** – Cease and Desist Order issued December 19, 2006 became final on January 18, 2007.
- ♦ **Turner, Shannon, Stone Mountain, GA** – Cease and Desist Order issued December 21, 2006 became final January 22, 2007.
- ♦ **Tuttle, Charles, Covington, GA** – Cease and Desist Order issued December 21, 2006 became final on January 21, 2007.
- ♦ **Walter Mortgage Servicing, Inc., Tampa, FL** – Cease and Desist Order issued December 21, 2006 became final on January 21, 2007.
- ♦ **Washington, Charles L., Cumming, GA** – Cease and Desist Order issued November 21, 2006 became final on January 16, 2007.
- ♦ **Watson, Kelvin (aka “Kevin” and “Calvin” Watson), Jonesboro, GA** – Cease and Desist Order issued December 21, 2006 became final on January 11, 2007.

CEASE AND DESIST ORDERS—LIFTED OR RESCINDED

- ♦ **Argent Mortgage Company, LLC, Irvine, CA (license no. 17408)** – Cease and Desist Order by Consent issued August 16, 2006 was rescinded on January 10, 2007.
- ♦ **NII Capital, LLC, Wauwatosa, WI (license no. 19197)** – Cease and Desist Order issued November 11, 2006 was rescinded on January 5, 2007.

FINAL CONSENT ORDERS —ISSUED

- ♦ None

SUPERIOR COURT INJUNCTIONS

- ♦ None

FINE PUBLICATION

Information regarding fines assessed against a specific licensee and against whom there are no pending administrative actions, is available on an individual licensee basis by submitting a written request to the following e-mail address: dbfmort@dbf.state.ga.us

FINE REASON

9 Licensees fined for Advertising Violations	1 Licensee fined for Unapproved Branch
4 Licensees fined for Background Checks Violation	3 Licensees fined for Unapproved Branch Manager
4 Licensees fined for Books & Records	1 Licensee fined for GaFLA Violation
1 Licensee fined for Employment of a Felon	6 Licensees fined Loan Files not properly maintained
2 Licensees fined for Violation of Cease & Desist Order	6 Licensees fined for Prohibited Acts
1 Licensee fined for Failure to Submit to Exam	2 Licensees fined for Miscellaneous/Other
1 Licensee fined for \$6.50 fees not paid	2 Licensees fined for doing business w/ unlicensed
1 Licensee fined for Relocation of office w/o notice	Entity

**LICENSEES/REGISTRANTS REVOKED, EXPIRED, SURRENDERED, WITHDRAWN OR DENIED
IN JANUARY 2007**

ID#	NAME	CODE	RE- VOKED	EXPIRED	SURREN- DERED	WITHDRAWN	DENIED
6366	ECONOMY MTG INC	BD				01-12-2007	
6714	AAA MTG & FIN INC	BD				01-25-2007	
6837	DELTA MTG CO	BD				01-04-2007	
12480	MBM CAP	BD		01-08-2007			
12638	TOWN & COUNTRY CREDIT	LD				01-02-2007	
12838	SEBRING CAP PARTNERS LP	LD		01-18-2007			
17798	HALLEN MTG CORP	BD				01-25-2007	
18685	AARDVARK FINL INC	PD				01-12-2007	
19249	TOTAL MTG SOLUTIONS LLC	BD				01-12-2007	
19459	LENDING ATL INC	BD				01-25-2007	
20356	HARBOURTON MTG INV CORP	LD				01-12-2007	
20570	JP MTG LLC	BD				01-12-2007	
20780	CLASSIC HM LENDING INC	LD		01-18-2007			
21059	MATRIX FINL LLC	BD				01-12-2007	
21080	EXECUTIVE CAP MTG LLC	BD				01-02-2007	

TOTAL: 15

LICENSEES/REGISTRANTS APPROVED OR REINSTATED IN JANUARY 2007

ID#	COMPANY NAME	CITY	ST	MB CODE	ORIGINAL APPROVAL	RENEWAL	REINSTA TED
22101	Financial Help Services, Inc.	Lake Wylie	SC	L	01-05-2007	01-05-2007	
22102	Barron Lending, Inc.	Gainesville	GA	B	01-05-2007	01-05-2007	
22104	Millennium Capital Mortgage Cor- poration	Longwood	FL	L	01-05-2007	01-05-2007	
20392	Family Home Loans, LLC *	Stone Mountain	GA	L	07-15-2005	01-12-2007	
22018	Kara Eve Garcia	Stone Mountain	GA	B	01-12-2007	01-12-2007	
22108	Global Mortgage Financial Group, Inc.	Lake Worth	FL	B	01-12-2007	01-12-2007	
22110	5 Stars Home Loan, LLC	Monroe	GA	B	01-12-2007	01-12-2007	
22112	Innovative Mortgage Consultants, Inc.	Baltimore	MD	B	01-12-2007	01-12-2007	
22118	Admiral Lending, LLC	Grand Rapids	MI	L	01-12-2007	01-12-2007	
22132	Fulton & Kozak Mortgage Ser- vices, LLC	Morrow	GA	B	01-12-2007	01-12-2007	
21986	Pioneer Mortgage Company	Cleveland	TN	B	01-19-2007	01-19-2007	
22017	Lan Van Nguyen	Duluth	GA	B	01-19-2007	01-19-2007	
22070	Premier Mortgage Solutions, Inc.	Hyattsville	MD	B	01-19-2007	01-19-2007	
22099	Formula Mortgage Corporation	Hollywood	FL	B	01-19-2007	01-19-2007	
22119	C K Mortgage Processing, Inc.	Duluth	GA	P	01-19-2007	01-19-2007	
22136	Jori Lee Kasher	Duluth	GA	B	01-19-2007	01-19-2007	
22144	Multi-State Home Lending, Inc.	Laguna Hills	CA	L	01-19-2007	01-19-2007	
22154	Live Well Financial, Inc.	Richmond	VA	L	01-19-2007	01-19-2007	
22157	Charter Mortgage Investors, Inc.	Decatur	GA	B	01-19-2007	01-19-2007	
22183	American Home Mortgage Ven- tures, LLC	Melville	NY	R	01-19-2007	01-19-2007	
22185	Dollar Investment Corp. of Mem- phis	Memphis	TN	B	01-19-2007	01-19-2007	
22190	Metro Mortgage, Inc.	Newnan	GA	B	01-19-2007	01-19-2007	
22046	Tristar Lending Corp.	Davie	FL	L	01-26-2007	01-26-2007	
22068	The Mortgage Firm, Inc.	Altamonte Springs	FL	L	01-26-2007	01-26-2007	
22071	North Country Mortgage Corp.	Islandia	NY	L	01-26-2007	01-26-2007	
22107	Mortgage Security Network, Inc.	Winter Springs	FL	L	01-26-2007	01-26-2007	
22135	Mortgage Affiliates of America, Inc.	Danbury	CT	B	01-26-2007	01-26-2007	
22138	Borrower's Advantage Mortgage Corporation	Tampa	GA	B	01-26-2007	01-26-2007	
22140	First Choice Lending & Investment Company	Oakland Park	FL	L	01-26-2007	01-26-2007	
22170	The Funding Network, Inc.	Lawrenceville	GA	B	01-26-2007	01-26-2007	

LICENSEES/REGISTRANTS APPROVED OR REINSTATED IN JANUARY 2007

ID#	COMPANY NAME	CITY	ST	MB CODE	ORIGINAL APPROVAL	RENEWAL	REINSTATED
22196	Erasmus Land Acquisition Systems,	Tampa	FL	B	01-26-2007	01-26-2007	
22211	Axis Home Lending Corporation	Wauwatosa	WI	B	01-26-2007	01-26-2007	
19197	NII Capital, LLC	Wauwatosa	WI	B	06-25-2004	01-05-2007	01-05-2007
11919	Harborside Financial Network, Inc.	San Marcos	CA	L	10-18-1996	01-19-2007	01-19-2007
15256	Western Home Mortgage Corpora-	Irvine	CA	B	12-17-1999	01-19-2007	01-19-2007
16444	Sierra Pacific Mortgage Company,	Folsom	CA	L	06-15-2001	01-19-2007	01-19-2007
12465	Mortgage Master, Inc. of Massachu-	Walpole	MA	L	05-09-1997	01-26-2007	01-26-2007
17138	Amanda C. Painter	Lake Park	GA	B	04-05-2002	01-26-2007	01-26-2007

TOTAL: 38

*	Upgrade Broker to Lender
+	Downgrade Lender to Broker
#	Upgrade Lender to Registrant
•	Downgrade Registrant to Lender

MB CODES

B = BROKER

L = LENDER

R = REGISTRANT

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